You should carefully consider all of the information set out in this prospectus, including the risks and uncertainties described below before making an investment in the Offer Shares. You should pay particular attention to the fact that we are incorporated in the Cayman Islands and that our Group's principal operations are conducted in the PRC and are governed by a legal and regulatory environment that differs from that prevailing in other countries. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR COMPANY'S FUTURE PLAN TO ENTER INTO THE PRC MARKET

We did not have previous experience in producing and selling aprons and Category I medical devices and importing Category II medical devices in the PRC

We have not had any previous experience in producing and selling aprons and Category I medical devices and importing Category II medical devices in the PRC. We are uncertain as to whether the aprons and Category I medical devices manufactured and sold and Category II medical devices imported by us may achieve the level of market acceptance that we expect or at all. Given our lack of experience in the PRC's clinical product market, we cannot assure that we will be able to identify the needs and preferences of customers and to adjust product designs that correspond to such needs and preferences; and we also cannot assure that such Category I medical devices and Category II medical devices developed or imported by us will become commercially successful. In such circumstances, the Group's business, growth prospects, financial condition and results may be adversely affected.

We may not be able to obtain and renew appropriate permits, licences, approvals and/or certificates required for the new production facility in the PRC to manufacture and sell Category I medical devices and selling Category II medical devices in the PRC

The new production facility that we plan to construct in the PRC is intended for manufacturing Category I medical devices. In this regard, we are required to obtain appropriate permits, licences, approvals and/or certificates from the relevant government authorities in China to engage in the production and sale of Category I medical devices in China. We also may need to obtain appropriate permits, licences, approvals and/or certificates for importing and selling Category II medical devices. In addition, we may need to extend or renew our permits, licences, approvals and/or certificates with the competent authorities in accordance with the then prevailing legal and regulatory requirements when the valid periods of such permits, licences, approvals and/or certificates expire.

We had not yet obtained the relevant permits, licences, approvals and/or certificates, for our new production facility and selling Category II medical devices in the PRC. There is no assurance that we will be successful in obtaining such certificates, permits, licences and regulatory approvals.

If we are unable to obtain relevant permits, licences, approvals and/or certificates required for the new production facility in the PRC following completion of its construction and selling Category II medical devices, we will not be able to manufacture and sell our Category I medical devices and import and sell Category II medical devices in China. Further, increasing compliance standards in relation to these permits, licences, approvals and/or certificates or change of interpretation of any existing laws or regulations will increase our compliance costs or make it more restrictive for us to conduct any part of our business, which may adversely affect our operations and profitability.

Delay in the construction of our new production facility in the PRC could have a material adverse effect on our financial performance

Currently, our production facility which is located in Huizhou, the PRC, is mainly for the production of our existing products. As part of our growth strategy, we plan to leverage on our products and market experience with the European and US markets and tap into the Chinese medical consumables market and in this regard, we are planning to construct a production facility in the PRC for the manufacture of medical gloves (classified as a Category I medical device in accordance with the "Medical Devices Classification Index"* (《醫療器械分類目錄》)) and aprons. For further details of our plans to construct a new production facility, please refer to the sub-paragraph headed "Expand into the medical consumables market in China" in the section headed "Business" in this prospectus. Although it is also our intention to commence importing spine pressure reduction system (classified as a Category II medical device in accordance with the "Medical Devices Classification Index"* (《醫療器械分類目錄》)) from overseas suppliers of medical hygienic disposables for on-sale to hospitals in Beijing, the PRC, before completion of our new production facility construction as an initial step to penetrate into the PRC market, if we are unable to commence and complete the construction as planned, we may not be able to produce our own medical products for sale in the PRC in accordance with our overall market expansion plan. This may have an adverse effect on business, financial conditions and results of operations.

RISKS RELATING TO OUR GROUP

If we are unable to retain key members of our management, our growth and future success may be impaired and our financial condition could suffer

We believe that our success and growth depend on a significant degree upon the continued active contribution and involvement of our executive Directors and senior management team, including Mr. Chum and Mrs. Chum, both our founders and executive Directors, and Mr. Desmond Chum, our executive Director. The Directors believe that these persons possess the relevant knowledge, experience and skills for our business and the future development of our Group and are therefore essential to our Group in carrying out its future plans.

Our executive Directors and senior management team have made key contributions in the formulation of our overall business strategy and are responsible for our research and development and marketing effort. In particular, most of the patents that our Group used were developed by Mr. Chum and thus our Group relies significantly on Mr. Chum's experiences for our research and development activities. In fact, Mr. Chum heads our Group's research and development activities, supported by a team of three research and development staff. Our executive Directors and senior management team will continue to play important roles in our continuing business development and growth.

However, there is no assurance that our Group will be able to retain the services of our executive Directors and other senior management members or if necessary to replace any such personnel with people who have similar knowledge, skills and experience. If we lose the service of any of our executive Directors or senior management members, or if we fail to recruit personnel with suitable experience and qualifications to replace these executive Directors or senior management members, our business, operations, financial performance and future prospects of our Group could be adversely affected.

Please refer to the section headed "Directors, senior management and employees" in this prospectus and the paragraph headed "Further information about Directors, management and staff" in Appendix VI headed "Statutory and general information" to this prospectus for details of the past work experience of our executive Directors and their service agreements with our Company, respectively.

We depend on sales to a few customers for a significant portion of our revenue and we may fail to maintain our sales level which may affect our operating results and financial performance

For the three years ended 31 March 2010 and the three months ended 30 June 2010, our largest customers accounted for approximately 28.1%, 28.8%, 32.6% and 45.1% of our total sales, respectively, while our aggregate sales to our top five customers accounted for approximately 84.6%, 76.1%, 87.1% and 92.3% of our Group's total revenue, respectively. Our Group has adopted a competitive pricing for our products in order to maintain our business relationship with our major customers. If any of these customers substantially reduces its orders or product prices or terminates its business relationship with us, we cannot assure that our Group would be able to make up the decrease in business by obtaining orders of similar volumes or at all from other customers.

We rely on the quality of services offered by our customers and failure to deliver quality services by our customers to their respective end customers may harm our financial performance

We have not developed a brand name for our own products. However, our customers may use their own brand names on our products which are sold to the end customers.

We rely on a number of customers that we do not own or control for sales of our products to end customers and have very limited ability to influence the level of customer service that our direct customers provide. If our customers are unable to deliver satisfactory services to their respective end customers, sales of our products may be adversely affected, which could in turn negatively impact our business and financial conditions.

We depend on certain third party suppliers of raw materials

For the three years ended 31 March 2010 and the three months ended 30 June 2010, purchases from our top five suppliers accounted for approximately 66.9%, 48.9%, 64.5% and 63.5% of our total cost of sales, respectively and purchases from our largest supplier accounted for approximately 26.5%, 16.7%, 36.9% and 36.1% of our total cost of sales, respectively.

There is no assurance that our suppliers will continue to be able to supply at prices and terms and conditions acceptable to us in the future. There is also no assurance that new sources of supply will be available in a timely manner in the event that any of our Group's existing suppliers is unable to meet our orders. In the event that our suppliers cease supplying to us for any reason and no suitable replacement of suppliers can be identified within a short period of time, our business, operations and financial conditions may be adversely affected.

Increases in raw material costs or our inability to procure raw materials in a timely manner or at a reasonable market price may adversely affect our business and financial performance

The principal raw material used by our Group in our production is polyethylene (聚乙烯). The cost of polyethylene accounted for over 75% of our Group's total cost of raw materials, for each of the three financial years ended 31 March 2010 and the three months ended 30 June 2010. Our cost of raw material, in aggregate, represents a substantial portion of the operating expenses of our Group.

As polyethylene is petrochemical derivative, fluctuations in oil prices could result in corresponding fluctuations in the prices of this material in the international market.

Our Group's raw material supplies are also subject to a variety of factors that are beyond our control, including market shortages, supplier's business interruptions, government control and regulations of energy industries, weather conditions and overall economic conditions.

In the future, there may be periods of time when our Group is unable to pass raw material cost increases onto our customers quickly enough to avoid adverse impacts on our Group's profit margins. Our Group's business, prospects, financial condition and results of operations could be materially affected by increases and volatility of these costs and any shortage in supply of raw materials. In addition, in the event that raw material costs increase rapidly and are passed along to customers as product price increases, the credit risks associated with certain customers may increase and demand for our Group's products may decrease.

There is no assurance that raw material prices will not fluctuate or we will not experience any shortage of supply of raw material in the future, which could adversely affect our Group's business, operation and financial performance.

We face risks associated with the marketing and sale of our products in the PRC which is our major targeted market for our Group's future growth

During the Track Record Period, substantially all of our revenues were generated from sales to overseas markets. Going forward, it is part of our business strategy to expand our sales coverage to the PRC where we believe the markets for our products are likely to grow significantly in the near future. The marketing and sale of our products to the PRC markets expose us to a number of risks, including:

- difficulty with developing and maintaining an effective marketing and distributing presence in the PRC;
- inability to enforce intellectual property rights for our products or technology; and
- unanticipated changes in prevailing economic conditions and regulatory requirements.

During the Track Record Period, the focus of our business activities was mainly in the UK, other European countries and the US. We may not be able to develop and implement policies and strategies that will be effective in the PRC. A change in the factors described above may have a material effect on our business, growth prospects, financial condition and results of operations.

Our Controlling Shareholders will retain significant control over our Company after the Global Offering

Immediately following completion of the Global Offering (but excluding any Shares which may be allotted and issued or sold pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme), The Chum's Family Trust and Mr. Chum as settlor of The Chum's Family Trust, both being our Controlling Shareholders, through Golden Realm and Able Bright, will be indirectly interested in approximately 71.5% of our issued share capital. As a result, our Controlling Shareholders will be able to exercise significant influence over certain matters which require

Shareholders' approval, including the election of our Directors, amendments of our memorandum and articles of association, dividend payments and other significant corporate transactions that may require Shareholders' approval.

The interests of our Controlling Shareholders could conflict with those of our other Shareholders and they may take actions that favour their own interests and which may not be in the best interests of other Shareholders. Such conflicts could result in adverse impact on our business and prospects.

A significant natural or other disaster or shortage of electricity involving our manufacturing facility could harm or disrupt our operations

Our revenues are dependent on the continued operations of our production facilities in Huizhou, the PRC. Any significant natural disaster such as typhoons, flood, earthquake, other acts of God, terrorist attacks, disruption in the supply of utilities, failure or substandard performance of our machinery could result in an interruption or delay of our operations.

We generally rely on city power supply for our production and other operating activities. However, we cannot assure you that we will not suffer from or be affected by blackouts or a shortage of electricity in the future. Any prolonged interruption to the operation of our Group's production facilities due to shortages in electricity supply may have a material adverse effect on our Group's profitability, business and reputation.

Any failure to maintain effective quality control systems at our Group's facilities could have a material adverse effect on its business and operations

The quality of our products are critical to our business success. Maintaining consistent quality for our products depends significantly on the effectiveness of our Group's quality control systems, which in turn depends on a number of factors, including the design of our quality control systems and our ability to ensure that our employees adhere to those quality control policies and guidelines. Any significant failure or deterioration of our quality control systems could have a material adverse effect on our business reputation, results of operations and financial condition.

Huizhou Junyang is accredited with ISO9001 certification, an internationally recognized certification relating to environmental and quality management standards. It has also been recognized by certain of our Group's major customers for meeting such customers' rigorous manufacturing and quality control standards. Some of our major customers conduct site visits at our production premises on a regular basis so as to ensure that our production meets their respective manufacturing and quality control standards. Our Directors believe that the certification and recognitions are a significant contributor to our Group's overall success. Accordingly, any significant failure or deterioration of our Group's quality control systems could result in our Group losing such certification and recognitions, which in turn could have a material adverse effect on our Group's reputation and prospects.

If our Group fails to maintain effective internal controls, its business, financial results and reputation could be materially and adversely affected

Our Company will become a public company after Listing, and our Group's internal control system will be essential to the integrity of its business and financial results, and its public reporting obligations are expected to place a strain on our Group's management, operational and financial resources and systems in the foreseeable future.

In the past, we had incidents of internal control oversights. More particularly, one of our subsidiaries, Ramber, had failed to prepare any audited accounts for the period from 2001 to 2010 as required under the Companies Ordinance (for further details, please refer to the sub-paragraph headed "Failure to prepare audited accounts in compliance with Companies Ordinance" set out in the section headed "Business" in this prospectus). To avoid future occurrence of such non-compliance and in preparation for the Listing, our Group has implemented measures to enhance its internal controls and has adopted detailed guidelines for internal financial and audit procedures.

However, due to our Group's limited experience with the internal control measures adopted to date, we may not be able to maintain strict adherence at all times during this relatively early stage of implementation. Our efforts to enhance internal controls have required, and will continue to require, increased costs and significant management time and commitment. If our Group fails to strictly adhere to the internal control measures adopted and/or fails to continuously maintain effective internal controls in the future, our business, financial results and reputation may be materially and adversely affected as a result.

Our Group may be subject to potential product liability

If products developed and sold by our Group contain defects which adversely affect the quality of such products, we may incur additional costs in correcting the defects or defending any legal proceedings and/or claims brought by our customers against our Group for damages. We do not maintain any product liability insurance against product liabilities of our products as it is not a statutory requirement under the current PRC laws and regulations to maintain such insurances. There can be no assurance that our Group will not be the subject of any such product liability claims in the future and, accordingly, our Group will not be covered or compensated by insurance in respect of losses, damages, claims and/or liabilities arising from or in connection with product or third party liability. These incidents could adversely affect the reputation and profitability of our Group.

Failure in constantly improving, enhancing and/or developing innovative product designs or failure in successfully commercializing new products could have a material adverse effect on our business prospects

Our future growth is dependent on our ability to improve our existing products, diversify our product range and develop new and competitively priced products that can meet the requirements of the changing market. Factors that could affect our ability to introduce new products include, among others, limited capital resources, the inability to attract and retain qualified product development staff, intellectual property rights of competitors that may limit our ability to offer comparable products and any failure to anticipate changes in tastes, buying preferences or needs of customers.

There can be no assurance that we will be able to identify trends in tastes, buying preferences or needs of customers and develop new product designs or ideas that respond to such trends in a timely manner or at all. Any delay or failure to develop and introduce new products may significantly impede our business and our ability to compete.

Additionally, we cannot assure that we will be able to develop and launch new products in a timely manner or that they will become commercially successful. New products that appear to be promising at their early phases of development may fail to be commercialized. Even if such new products can be successfully commercialized, they may not achieve the level of market acceptance that we expect.

The markets for our products are highly competitive

The hygienic disposable industry is highly competitive worldwide and in the PRC. The Directors also envisage that the selling price of our products and revenues generated from product orders may be driven down due to competition. There is no assurance that our Group would be able to maintain our profit margin or sustain our market share. If our Group fails to maintain its competitiveness by continuing to expand its product portfolio, maintaining competitive prices; or if the number of competitors increases substantially, or if their service quality improves rapidly, or if the commercial terms they offer are more competitive, the profitability of our Group would be materially and adversely affected.

Our Group currently faces and may in the future continue to face labour shortages which could limit our ability to expand our operations

The success of our operations relies in part on the availability of manual labour for our PRC production base at rates acceptable to us. The competition for such personnel is intense in the PRC, and there have been instances of shortages in the supply of labour in Guangdong Province and the southern parts of the PRC.

Recently, Guangdong Province had experienced a relatively limited market for the supply of workers for our operations in Huizhou. We had been facing significant competition for the services of these workers of other provinces in the PRC, which may require us to increase the wages of these workers in the future.

In the event of a shortage of labour, we may have difficulties in recruiting or retaining labour for our production at costs acceptable to us and our ability to maintain sufficient labour levels to satisfy our production needs may be hindered.

Continuing increases in the wages of these workers will increase our production cost, which may exert significant pressure on us to increase the selling prices of our Group's products, which in turn may then affect the demand of such products and thereby adversely affect our Group's sales and financial condition. Increase in labour costs required for production of our Group's products may cause similar adverse effects, particularly if our Group is unable to identify and employ other appropriate means to reduce our production cost.

Furthermore, our Group may not be able to pass on the increased cost to customers by increasing the selling prices of its products in light of competitive pressure in the markets where it operates. In such circumstances, our Group's profit margin and financial results may be adversely affected.

Disruptions in the global financial markets, in particular the US and the EU markets could have a material adverse impact on our results of operations, financial condition and cash flows

The recent global financial crisis and economic downturn adversely affected economies and business around the world, including the US, the UK and other developed countries.

Although the government of the US, the UK and other European countries have adopted flexible macroeconomic policies including fiscal stimulus package aimed at offsetting the slowdown brought about by the financial crisis, the growth of overall economy of these countries has been quite severely impacted. The global financial crisis also resulted in a tightening in credit markets, a low level of liquidity in many financial markets and increased volatility in credit and equity markets.

Many financial institutions worldwide have tightened lines of credit and reduced the amount of funding available to borrowers. If our Group shall need to obtain banking facilities in the future and if these conditions continue, worsen or recur, they may adversely affect the availability, terms and cost of borrowings in the future.

More particularly, our business, results of operations and financial condition may be adversely affected in a number of ways, including:

- our customers may seek to reduce discretionary spending by delaying or foregoing their purchases of our products;
- our customers may decide not to purchase our products at similar volumes as in the past or at all;
- our customers may experience deterioration of their financial condition, such as bankruptcy, insolvency or other credit failure, and they may therefore not be able to meet their financial obligations to us or may delay payment to us;
- our suppliers may be forced to shorten their credit terms granted to us in view of tightening cashflow; or
- financing and other sources of liquidity may not be available on acceptable terms or at all.

The timing and nature of any recovery in worldwide financial markets and the global economy remain uncertain, and there can be no assurance that market conditions will improve in the near future or if they improve, that they will not deteriorate again.

Upon Listing, the price and trading volume of our Shares may likely be subject to similar market fluctuations which may be unrelated to our operating performance or prospects. Moreover, these recent and developing economic and governmental factors may have a material adverse effect on our results of operation, financial condition or cash flows and could cause the price of our Shares to decline significantly, and you may lose a significant portion of your investment.

Part of our production premises in the PRC may be subject to relocation

As at the Latest Practicable Date, our Group occupied a total of 11 buildings or units in the PRC with a total construction area of approximately 44,544 sq.m, all of which are situated on two parcels of land owned by our Group. Our Group has obtained building ownership certificates for eight of the 11 buildings or units with a total construction area of approximately 30,151 sq.m. The remaining three are temporary structures mainly used for production and warehouse purposes, having a total construction area of approximately 14,393 sq.m ("**Temporary Structures**"), representing approximately 32.3% of the total construction area of all the buildings used by us.

We have obtained, on 12 August 2009 and 28 May 2010 respectively, approvals from the relevant authorities in the PRC ("**Temporary Approvals**") for the Temporary Structures, with a term of two years starting from the date of the respective approvals ("**Approved Periods**"), pursuant to which we are approved to have the Temporary Structures erected on the areas specified therein. Notwithstanding that, according to such Temporary Approvals and the relevant laws, we shall demolish the Temporary Structures within their respective approved terms or unconditionally whenever urban planning demands. We have further obtained confirmation from the relevant administrative enforcement department in the PRC (the "**Confirmation**") that we will not be requested to demolish the Temporary Structures before 28 May 2012. Our PRC Legal Advisers are of the view that the likelihood for us to be requested to demolish the Temporary Structures by such administrative department in the PRC before 28 May 2012 is relatively low. Furthermore, we intend to relocate all operation activities, machineries, inventories and any other items in the Temporary Structures to premises which are granted with building ownership certificates as soon as possible and in any event before 28 May 2012. For further details, please refer to the sub-section headed "Property" in the section headed "Business" in this prospectus.

We cannot assure you that we will not be required to clear out and demolish the Temporary Structures sooner than our targeted relocation time by other PRC government department(s) due to unforeseen changes in circumstances, such as introduction of new laws and regulations in the PRC. In such event, our operations will be temporarily disrupted and our business, operations and financial results may be adversely affected.

Furthermore, the carrying cost of the Temporary Structures was approximately HK$10,491,000 as at 30 June 2010. The Directors estimate that the depreciation charges over the Temporary Structures for the three years ending 31 March 2011, 2012 and 2013 will be approximately HK$4.1 million, HK$5.5 million and HK$0.9 million respectively, our Group's profit margin and financial results may be adversely affected.

Part of our income during the Track Record Period was derived from non-recurring income

For the two years ended 31 March 2010, the Company recognized HK$1.0 million and HK$5.0 million respectively as imputed interest income arising from amounts due from Mr. Chum. Such imputed interest income is non-cash and non-recurring in nature. Moreover, as all the outstanding amounts due from Mr. Chum are expected to be settled before the Listing, such imputed interest income will cease and no longer be a source of income to the Company. In such circumstances, the Group's profitability during the Track Record Period may have been distorted due to such non-recurring income.

Fluctuations in the average selling prices of our products may adversely affect our results of operations

The average selling prices of our products are subject to fluctuation. For instance, the average selling prices of our products for household use during the Track Record Period were HK$12,400 per ton, HK$13,600 per ton, HK$11,800 per ton and HK$12,500 per ton, respectively, representing an increase of approximately 9.7%, a decline of 13.2% and an increase of 5.9%, respectively. The average selling prices of our products for clinical use during the Track Record Period were HK$12,300 per ton, HK$12,400 per ton, HK$14,000 per ton and HK$13,600 per ton, respectively, representing an increase of 0.8%, 12.9% and a decrease of 2.9%, respectively. The fluctuations in the average selling price of our products are primarily caused by changes in manufacturing costs, price trend of similar products in the market and market supply and demand of our products.

We cannot guarantee that we will not continue to experience a decrease in the average selling prices of our products in the future or that our average selling prices will remain stable. We also cannot guarantee that our gross profit margins will stay the same. In the event that our sales volume cannot be increased so as to compensate for the loss of revenue caused by the fluctuating or decreasing average selling prices of our products, our results of operations and gross profit margin may be adversely affected.

We may not be able to sustain our gross profit and gross profit margin

For the three years ended 31 March 2010 and the three months ended 30 June 2010, a majority of our revenue was derived from the sales of household products — approximately 88.8%, 83.1%, 52.7% and 46.9% of our revenue were generated from sales of products for household applications, while approximately 11.2%, 16.9%, 47.3% and 53.1% of our revenue were generated from sales of products for clinical applications, respectively. Further, the gross profit margins of our products for household use and clinical use fluctuated substantially during the Track Record Period. The gross profit margins of our clinical and household hygienic disposables varied from approximately 8.5% and 23.8% for the financial year ended 31 March 2008 to approximately 1.4% and 24.6% for the financial year ended 31 March 2009.

However, the gross profit margins of our clinical and household hygienic disposables increased from approximately 1.4% and 24.6% for the financial year ended 31 March 2009 to approximately 9.0% and 33.2% respectively for the financial year ended 31 March 2010 and to approximately 10.0% and 35.0% for the three months ended 30 June 2010.

There is no assurance that we will be able to sustain our gross profit margins in the level similar to those for the year ended 31 March 2010, or that we will not experience substantial fluctuations in our gross profit margins in the future, in such cases the financial results of our Group may be adversely affected.

We rely on registered patents which cannot be renewed

Out of the 18 valid patents which we own or use, 14 were registered in the PRC. Under the laws of the PRC, patents are granted only for a term of 10 or 20 years and cannot be renewed upon expiry. The remaining life of the patents registered in the PRC varies from four years to 16 years from the Latest Practicable Date. As advised by the PRC Legal Advisers, according to the relevant PRC laws and regulations, once the valid period of the patents which are registered in the PRC expires, such patents cannot be renewed. Accordingly, upon expiration of the PRC Patents, we will cease to enjoy any protection afforded by these patents against third parties applying the production technologies and/or product designs in the PRC. In addition, the EU Patents and the US Patents will also not be allowed to be renewed upon their respective expiry dates.

Failure to protect or obtain the patents which we require for our business will reduce our commercial and competitive advantages, hence adversely affecting our business operations and profitability.

Our outstanding trade receivables and the turnover days of our trade receivables have been increasing during the Track Record Period

During the Track Record Period, purchases of our products by our customers were made on credit with a credit period of 30 to 90 days in general. Our general credit policy prevails for all types of customers. For the three years ended 31 March 2010 and the three months ended 30 June 2010, our outstanding trade and bills receivables were approximately HK$40 million, HK$27 million, HK$121 million and HK$79 million respectively and the average turnover days of our trade receivables were 48.6 days, 39.0 days, 63.1 days and 79.8 days, respectively.

The increase in trade and bills receivables balances and the trade and bills receivables turnover days from the year ended 31 March 2009 to the year ended 31 March 2010 was mainly resulted from the commencement of trading business during the financial year ended 31 March 2010.

As the Group's business expands, there may be instances where we will provide additional sales on credit to our customers, leading to increased customer's credit risk. In the event that the Group experiences any difficulty in collecting payment from our customers, the financial position and profitability of our Group may be adversely affected.

A majority of our products are sold to overseas customers who are distributors

Our products are sold mainly to overseas distributors and packaging producers, with a particular concentration to those in the UK. For the three financial years ended 31 March 2010 and the three months ended 30 June 2010, our sales to UK distributors accounted for approximately 44.0%, 35.9%, 31.4% and 20.1% of our Group's total revenue.

Furthermore, in certain overseas countries we rely on customers which are local distributors in that country which we intend to expand our sales to establish our presence. Since 2009, our percentage revenue generated from sales to the US market increased substantially from approximately 3.0% for the year ended 31 March 2009 to approximately 33.1% and 47.1% for the year ended 31 March 2010 and the three months ended 30 June 2010 by trading with one single trading company in the US. Our sales in the US through such single trading company accounted for approximately 32.6% and 45.1% of the Group's total revenue for the year ended 31 March 2010 and the three months ended 30 June 2010 respectively.

The Group has established a good and long-term relationship with our major customers and entered into supply agreements with our major customers for the supply of our products for a term ranging from one to four years with our top five customers (including distributors) for the year ended 31 March 2010 and in some occasions entered into supply agreement on an ad hoc basis. There are no restrictions in these agreements preventing the Group's distributors from sourcing products produced by the Group's competitors and there can be no assurance that the Group will be able to maintain such relationships. We can give no assurance that each of our distributor customers will renew its respective supply agreement with us on terms favourable to us, or at all, upon expiry.

As our major customers which mostly consist of distributors and trading companies are engaged in business activities which are of similar nature, that is the manufacturing, trading or distribution of packaging products, plastic bags, plastic products or alike, we are uncertain as to whether there will be any possible cannibalisation among such distributors and trading companies and in such event, we may have a higher concentration of sales to certain distributors and trading companies.

In addition, the sales of our products to our customers (including distributor customers, trading companies or retailers) are final and title to the products will pass to the customers upon delivery after which point our products will become the customers' own inventory, instead of ours. The demand for our products by our distributor customers and trading company customers may change due to a number of factors, some of which may be outside our control such as their marketing and sales strategies, inventory, personnel and sourcing policies, and relationship with the end-customers.

If for any reason our Group loses one or more of our distributor customers, such as termination or non-renewal of supply agreements, or any of them fails to perform its obligations under such supply agreements, or there is any disruption in the economies of the UK and US or other countries which we have made substantial sales to and our Company is unable to replace them in a timely manner, our Company's results of operations and financial condition may be adversely affected.

Our operations may be subject to transfer pricing adjustment by competent authority

During the Track Record Period, our Group primarily conducted its sales activities through Two-Two-Free, our Group's principal trading arm. When Two-Two-Free receives purchase orders from its customers, it will channel the relevant purchase orders to Huizhou Junyang, our manufacturing arm in the PRC (or, in the particular case of our US trading customer, to the designated supplier). All finished products manufactured by Huizhou Junyang (or, as the case may be, the designated supplier in respect of our US trading customer) are shipped to the locations specified by the customers.

Pursuant to the New Enterprise Income Tax Law and its implementation rules and the Implementation Regulations for Special Tax Adjustments (Trial)* (《特別納稅調整實施辦法（試行）》), transactions in respect of the purchase, sale and transfer of products between, amongst others, enterprises under direct or indirect control by the same third party are regarded as related parties transactions. Given Two-Two-Free and Huizhou Junyang are wholly-owned subsidiaries of the Company, transactions between these parties are regarded as related parties transactions.

According to the New Enterprise Income Tax Law and the Implementation Regulations for Special Tax Adjustments (Trial)* (特別納稅調整實施辦法（試行）), related parties transactions should comply with the arm's length principle (獨立交易原則); and if the failure of compliance with such principle results in reducing the income or taxable income of the enterprise or its related parties, the tax authority has the power to make an adjustment in accordance with reasonable methods.

Pursuant to such laws and regulations, any company entering into related party transactions with another company shall submit an annual related party transactions reporting form (年度關聯業務往來報告表) to the supervising tax authority.

As advised by the PRC Legal Advisers, State Taxation Bureau of Hui Zhou City Zhongkai High and New Technology Industries Development Zone* (廣東省惠州市仲愷高新技術產業開發區國家稅務局) ("**Huizhou Taxation Bureau**"), as the competent authority, issued two written confirmation letters on 6 August 2010 and 18 November 2010 respectively to confirm that (i) Huizhou Junyang had submitted the annual related party transaction reporting form as required by relevant laws and regulations, and the circumstance in respect of the transaction between Huizhou Junyang and its related parties had been reported to Huizhou Taxation Bureau; (ii) all the transactions between

Huizhou Junyang and its related parties had been in compliance with the arm's length principle (獨立交易原則), no adjustment needs to be made to Huizhou Junyang; (iii) Huizhou Junyang and its related parties should not be ordered to pay any outstanding tax, interest and fees; and (iv) no penalty had been or need to be imposed on Huizhou Junyang due to any non-compliance with respect to PRC tax laws and regulations, including without limitation, the PRC laws and regulations regarding transfer pricing. Further, as advised by the Macau Legal Advisers, there are no applicable Macau rules and regulations governing transactions among related companies in Macau, and that our Group has not been subject to any investigation or challenge by the relevant authorities of our Group's Macau operations.

As of the Latest Practicable Date, the Directors were not aware of any enquiry, audit or investigation by any tax authority in the PRC, Macau or Hong Kong with respect of transfer pricing procedures carried out by our Group. The Directors have advised that in preparing the financial information, the Directors have reviewed and assessed our Group's transfer pricing arrangements in relation to intra-group services and considered that, although our Group is exposed to transfer pricing risk for the fact that it is possible that the PRC tax authority may challenge our Group's transfer pricing position, our Group has grounds to defend against the possible challenge.

Notwithstanding the aforesaid, as advised by the PRC Legal Advisers, according to the relevant PRC tax laws and regulations, the tax authority has the power to reassess the transactions entered into between Huizhou Junyang and its related parties for a maximum of 10 years' time. If Huizhou Junyang is deemed not to be in compliance with the transfer pricing rules, the tax authority has the power to order Huizhou Junyang to pay all outstanding tax and statutory interest and Huizhou Junyang may be subject to other penalties. There is no assurance that the tax authority will not make adjustment to the tax payable by our Group in respect of such related party transactions in the future, and as a result of which, our Group may be required to change its transfer pricing practices or operating procedures. In such event, our Group may be required to pay additional taxes and our Group's profitability may be affected.

We may not be able to expand our sales penetration to markets which we did not have presence during the Track Record Period

During the Track Record Period, we have proven record to generate a significant portion of our sales revenue from certain European countries in particular the United Kingdom. It is part of our strategies and future plans to further expand our market share in other European countries such as France, Italy, Germany and Sweden and we intend to commit significant resources for such expansion with particular emphasis on marketing and promotion. Given that some European markets are relatively new to us and we do not have experience in conducting sales in such new markets, there is no assurance that we will be able to expand our sales penetration to these markets and to achieve or not the level of market acceptance that we expect from these markets. Accordingly, in such circumstances, the Group's business, growth prospects and financial results may be adversely affected.

Our profit estimate attributable to owners of our Company for the six months ended 30 September 2010 may not necessarily give an accurate indication of, and should not be interpreted as a guidance of, our full year financial results for the financial year ending 31 March 2011

Our Directors estimate that for the six months ended 30 September 2010, our combined profit attributable to owners of the Company will be no less than HK$40 million. The bases on which the estimate combined profit attributable to owners of the Company for the six months ended 30 September 2010 has been prepared are set out in Appendix III headed "Profit estimate" to this prospectus.

Our business and results of our operations are affected by a number of factors, including economic conditions of the US and European countries, product mix, pricing of our products, costs of raw materials and our business expansion. Please see the section headed "Financial information — Factors affecting results of operations" in this prospectus for more details.

Due to the fact that these factors, many of which are beyond our control, could vary materially between the first and second half of the financial year ending 31 March 2011, our profit estimate attributable to owners of the Company for the six months ended 30 September 2010 may not necessarily give an accurate indication of, and should not be interpreted as a guidance of, our full year financial results for the financial year ending 31 March 2011. Given that many of these factors are subject to rapid change, our management has taken the view that it is more appropriate for us to limit our profit estimate attributable to owners of the Company to the first half of the financial year ending 31 March 2011.

RISKS RELATING TO OUR INDUSTRY

Failure to comply with environmental regulations may materially and adversely affect our business, financial condition and results of operations

The operations of our Group are subject to the environmental protection laws and regulations promulgated by the PRC government and the governments of the overseas jurisdictions where our customers are based and our products are distributed. These laws and regulations require us to adopt effective measures to control and properly dispose of waste water and other environmental pollutants. We could be exposed to penalties, fines, suspensions or actions in other forms if we fail to comply with these laws and regulations. The environmental laws and regulations in China or other jurisdictions may be amended from time to time and changes in those laws and regulations may cause us to incur additional costs in order to comply with the more stringent rules. There is no assurance that our research and development capabilities would be able to support changes in technical requirements which could be required as a result of changes to environmental laws and regulations or that our operation will always be in compliance with the applicable environmental regulations. In the event that changes to existing laws and regulations require us to incur additional compliance costs or require costly changes to our production process, the production costs of our Group could increase and we may lose our business with certain customers, which will decrease our market share and materially and adversely affect our business, financial conditions and results of operations.

Changes in laws, regulations and industry standards relating to hygienic disposables may adversely affect our business and results of operations

Our hygienic disposables for household and clinical uses are subject to certain laws, regulations and industry standards in the jurisdictions where we market and distribute our products including the US, the UK, other European countries and the PRC. There can be no assurance that we are capable of continuing complying with current laws and regulations, or that we will be able to comply with any future laws and regulations. Any new or amended laws, rules, regulations or standards imposed on our products may involve considerable additional costs to ensure compliance and lead to additional manufacturing and quality control procedures that may affect our financial condition and results of operations.

There can also be no assurance that the government of the US, UK, other European countries or the PRC will not change the existing laws or regulations or adopt additional or more stringent laws or regulations relevant to us. To the extent that new laws and regulations are adopted, we will be required to conform our activities and operation in order to comply with such laws and regulations. We cannot predict the nature of such future laws, regulations, interpretations, or applications, nor can we predict the impact of additional laws, regulations or administrative orders, when and if promulgated, on our business in the future. Such laws and regulations may require the re-configuration of other methods for sourcing raw materials, production, processing and transportation, including, but not limited to, more onerous product safety, labelling and packaging requirements, more stringent compliance requirements for waste management, increase in transportation costs, and greater uncertainty in production and sourcing estimates. Any such government actions could have a material adverse effect on our business, financial condition and results of operations. We may be subject to civil remedies or administrative sanctions, should we fail to comply with any applicable laws and regulations, including fines, injunctions, products recalls or seizure, as well as potential criminal sanctions, which could have a material adverse effect on our business, financial condition and results of operations.

Our sales of export products may fluctuate and may drop substantially if our export products become subject to anti-dumping measures or tighter technical standards relating to security, hygiene, technology and environment

As at 31 March 2010, we exported our products directly or indirectly to Europe and the US, with the UK and the US markets in aggregate accounting for the majority of our export sales for the year ended 31 March 2010. Some of the countries to which we export our products may impose anti-dumping duties on products exported from another country if their governments decide such exported products are being sold (i) at less than the producers' sale prices in the home market, or (ii) at prices that are lower than their production costs. For example, the EU has, in the past, imposed anti-dumping tariffs on degradable products manufactured and imported from a number of companies outside of the EU. Also, the US government may impose duties or import restrictions on products imported from China if such products are being imported into the US in such quantities or under such conditions as to cause or threaten to cause market disruption to the domestic US market producers of a similar product.

We cannot assure you that the countries to which we directly or indirectly export our products will not initiate trade protectionist measures in the form of anti-dumping duties, taxes, trade laws, tariffs and regulatory requirement against Chinese-manufactured products in the future. In the event that there is an anti-dumping measure or other trade sanctions imposed on our exported products by overseas countries, prices of our products exported to such countries could be increased significantly, which in turn could result in a loss of our competitive advantage. Consequently, our export sales and profitability may drop substantially, and hence materially and adversely affect our business, financial conditions, results of operations and prospects.

Changes in laws and regulations relating to the use of plastic bags may adversely affect our business and results of operation

A majority of our sales was made to European and US customers. During the Track Record Period, approximately 94.9%, 84.9%, 93.9% and 98.1% of our turnover were derived from products sold to United Kingdom, the US, Norway, Sweden and Germany.

There can be no assurance that there will not be any restrictions on the use of plastic bags or any form of duty, levy or other trade sanction to be adopted by the countries where our products are sold to. In the event that there is any restriction on the use of plastic bags or there is any anti-litter campaign or any form of duty or levy imposed on our products by overseas countries to which we export our products, this will significantly and adversely affect the sales volume of our products exported to these countries which in turn will adversely affect our business, financial conditions, financial results and prospects.

The anticipation of slowing growth trend for degradable retail plastic bags and medical consumables markets may adversely affect our operating results and financial performance

According to the Freedonia Report, the CAGR of degradable retail plastic bag demand by the rest of the European Community (except the UK) in terms of units from 2004 to 2009 was approximately 14%, whereas it is expected that the demand for degradable retail plastic bag in the said region will spur a moderate growth at 7% CAGR from 2009 to 2014. The Freedonia Report also expects to have a decreasing demand for degradable retail plastic bags in the UK from 2009 to 2014. Furthermore, according to the Freedonia Report, the demand for disposable medical consumables i.e. gloves, aprons and garbage bags in the US and the European Union is forecasted to experience a slowing or downward growth trend from 2009 to 2014.

If such anticipation of slowing or decreasing growth trend on the degradable retail plastic bags and medical consumable markets in the regions where we generate most of our sales revenue materializes or worsens by factors which are beyond our control (e.g. growing environmental concerns for the use of retail plastic bags), this may adversely affect our growth prospects, business, operation results and financial performance.

RISKS RELATING TO CHINA

A majority of our Group's assets and production activities are located in the PRC. Accordingly, the results of operations, financial position and prospects of our Group are subject, to a significant degree, to the economic, political and legal developments of the PRC.

Risks relating to changes in the political and economic climate

Before its adoption of the economic reforms and open policy in 1978, China had been primarily a planned economy. In the wake of these reforms, the PRC government introduced changes to its economic system, as well as the government structure. These reforms have led to significant economic growth and progress in social development. Although the PRC government still owns a significant portion of the productive assets in China, economic reform policies have placed much emphasis on creating autonomous enterprises and the utilization of market mechanisms. The Directors anticipate that the PRC government will continue to further implement these reforms, further reduce government interference on enterprises, and rely more on free market mechanisms for the allocation of resources. Any changes in the political climate, economic and social situation, the laws, regulations and policies of the PRC arising therefrom, may have an adverse effect on the present or future operations of our Group.

We are subject to foreign exchange risks

Our domestic purchases and operating expenses are mainly denominated in RMB while our overseas sales and purchases are mainly denominated in US dollars. Our foreign currency exchange risk arises mainly from a mismatch between the currency of our sales, purchases and operating expenses. To the extent that our sales, purchases and operating expenses are not denominated in the same currency, and to the extent that there are timing differences between invoicing, payment and collections, we will be exposed to foreign currency exchange gains and losses arising from transactions in currencies other than RMB. As a result, our earnings may be materially adversely affected. We recorded foreign exchange gains of approximately HK$3.8 million, HK$2.2 million and HK$2.2 million for the year ended 31 March 2008, the year ended 31 March 2010 and the three months ended 30 June 2010 respectively. However, we recorded foreign exchange loss of approximately HK$1.1 million for the year ended 31 March 2009. Currently, we do not have any hedging policy with respect to our foreign exchange exposure. In view of the nature of our business, foreign exchange risks will continue to be an integral aspect of our risk profile in the future. We will continue to monitor our foreign exchange exposure in the future and will consider hedging any material foreign exchange exposure through foreign exchange forward contracts or swaps should the need arise. We cannot assure you that we will be able to successfully manage the risks involved in foreign exchange exposure and any hedging activities in the future or that our business, financial conditions, results of operations and prospects will not be adversely affected by our operative hedging activities in the future.

Introduction of new laws or changes to existing laws by the PRC government may adversely affect our business

Our business and operations in the PRC are governed by the legal system of the PRC. The PRC legal system is a codified system with written laws, rules and regulations. The PRC government is still in the process of developing its legal system, so as to meet the needs of investors and to regulate foreign investment. As the PRC economy is undergoing development generally at a faster pace than its legal system, some degree of uncertainty exists in connection with whether and how existing laws and regulations will apply to certain events or circumstances. Some of the laws and regulations, and the interpretation, implementation and enforcement thereof, are still at an experimental stage and are therefore subject to policy changes. Further, prior court decisions may be cited for reference but have no precedential value. Accordingly, the outcome of dispute resolution may not be as consistent or predictable as in the other more developed jurisdictions. Even after the relevant legislation has been enacted, it may be difficult to obtain swift and equitable enforcement of the laws in the PRC, or to obtain enforcement of a judgment by a court or another jurisdiction. Any introduction of new laws or amendments to existing laws by the PRC government which is detrimental to the business environment in which we operate will adversely affect our profitability.

Government control of currency conversion and changes in the exchange rate between RMB and other currencies could negatively affect our financial condition, operations and our ability to pay dividends

Our PRC subsidiaries are subject to the PRC rules and regulations on currency conversion. In the PRC, SAFE regulates the conversion of RMB into foreign currencies. Foreign invested enterprises ("**FIEs**") are required to apply to SAFE or its local branches for Foreign Exchange Registration Certificates. Under relevant PRC foreign exchange laws and regulations, payment of current account items, including profit distributions and interest payment are permitted to be made in foreign currencies without prior government approval but are subject to certain procedural requirements. Strict foreign exchange control continues to apply to capital account transactions, which must be approved by and/or registered with SAFE. We cannot assure you that the PRC regulatory authorities will not impose further restrictions on the convertibility of RMB. As our products have been and in the near future will be principally exported to overseas countries which we received US dollars for our sales proceeds, any future restrictions on currency conversion may limit our ability to convert sufficient amount of foreign currencies into RMB to fund the operations of our Huizhou production base and our planned production capacity expansions in the PRC. On the other hand, it is part of our business strategy to expand our sales coverage in the PRC medical device markets. If in the future an increasingly significant portion of our revenues are to be generated in the PRC and therefore denominated in RMB, such future restrictions on currency conversion may also limit our ability to repatriate profits generated from this new business venture for the distribution of dividends to our Shareholders or for funding our other business activities outside the PRC.

The recent financial crisis has adversely affected the United States, the European countries and other world economies. As the financial crisis has broadened and intensified, a significant depreciation of the US dollars may be expected. Fluctuations in exchange rates may adversely affect the value of our net assets, earnings or any declared dividends. Also, any unfavourable movement in the exchange rate or the value of US dollars may lead to an unfavourable exposure to foreign exchange losses, which could in turn materially and adversely affect our financial condition and results of operations.

We will be subject to higher EIT tax rate after the expiration of our current preferential tax treatment

On 1 January 2008, the new Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法》) (the "**New Enterprise Income Tax Law**") became effective. According to the New Enterprise Income Tax Law, a unified enterprise income tax ("**EIT**") rate of 25% generally applies to both domestic enterprises and foreign-invested enterprises. The Notification of the State Council on Carrying out the Transitional Preferential Policies concerning Enterprise Income Tax* (《國務院關於實施企業所得稅過渡優惠政策的通知》) which was promulgated and became effective on 26 December 2007 further clarifies that from 1 January 2008, the enterprises that enjoyed a "two year exemption and three year half payment" of EIT and certain other tax deductions or exemptions with a specified period according to the then applicable tax laws, administrative regulations and relevant documents may, after the enactment of the New Enterprise Income Tax Law, continue to enjoy such benefits until the expiration of the applicable period. Enterprises whose aforesaid preferential tax treatment has not commenced due to the fact that no profits had been generated in previous years shall enjoy such preferential tax treatment from 1 January 2008 until the expiry of relevant period. Thus, we may be subject to a higher EIT rate after the expiration of our "two year exemption and three year half payment" period.

We may not be able to enjoy a reduced withholding tax rate under relevant tax treaty

The New Enterprise Income Tax Law and its implementation rules stipulate that if an entity is deemed to be a non-PRC resident enterprise without an office premises in the PRC, withholding tax at the rate of 10% will be applicable to any dividends paid to it by its PRC subsidiaries, unless it is entitled to a reduction or elimination of such tax, including by tax treaties. The PRC and the government of Hong Kong signed Arrangement between the Mainland of the PRC and Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income* (《內地和香港特別行政區關於對所得稅避免雙重徵稅和防止偷漏稅的安排》) on 21 August 2006 ("**Arrangement**"). According to the Arrangement, no more than 5% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong resident, provided that the recipient is a beneficial owner that holds at least 25% of the capital of such PRC company, and a 10% withholding tax rate applies if otherwise.

According to the Notice of the State Administration of Taxation on Issues regarding the Administration of the Dividend Provision in Tax Treaties* (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) promulgated on 20 February 2009, to apply the dividend provision in relevant tax treaties, including the Arrangement, certain requirements shall be satisfied, among which: (1) the taxpayer shall be the "Beneficial Owner" of relevant dividends; (2) for corporate recipients that enjoy tax treatment under the relevant tax treaties as direct owners of a certain proportion of the share capital of a PRC enterprise (usually such certain proportion shall be 25% or 10%, which is 25% under the Arrangement), such corporate recipients must satisfy the direct ownership thresholds at all times during the 12 consecutive months preceding the receipt of the dividends. Further, the State Administration of Taxation promulgated the Notice on How to Understand and Recognize the "Beneficial Owner" in Tax Treaties* (《國家稅務總局關於如何理解和認定稅收協定中「受益所有人」的通知》) on 27 October 2009, which limited the "Beneficial Owner" as individuals, enterprises or other organizations normally engaged in substantive operations, and set forth certain adverse factors on the recognition of such "Beneficial Owner". On 24 August 2009, the State Administration of Taxation issued the Administrative Measures for Non-resident Enterprises to Enjoy Treatments under Tax Treaties (For Trial Implementation)* (《非居民享受稅收協定待遇管理辦法(試行)》), which became effective on 1 October 2009 and requires the non-resident enterprises to obtain approval for enjoying the treatments under tax treaties from the competent tax authorities. No assurance can be given that we can satisfy all the requirements set forth by aforementioned laws and regulations and obtain necessary approvals to enjoy the preferential treatment under the Arrangement.

Newly enacted PRC employment contract law may increase our labour costs

The National People's Congress of China enacted the Labour Contract Law of the PRC* (《中華人民共和國勞動合同法》) ("**Labour Contract Law**") which became effective on 1 January 2008 in China. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts, hiring of non-full-time employees, dismissal of employees, employment without a written contract and compensation upon termination of employment and overtime work, etc. Except for certain circumstances specified in the Labour Contract Law, an employer is obligated to enter into a non-fixed term labor contract with an employee if the employer continues to employ such employee after finishing two consecutive fixed-term labour contracts and if such employee match other conditions provided in Labour Contract Law. The employer also has to pay compensation to employees if the employer terminates such non-fixed term labor contract under certain circumstances. Compensation is also required when the labour contract expires, except for certain circumstances including that employer intends to renew the labour contract with employee under the same terms or better terms but the employee refuses to renew. In addition, under the newly promulgated "Regulations on Paid Annual Leave for Employees"* (《職工帶薪年休假條例》), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to a paid vacation ranging from 5 to 15 days, depending on the length of the employees' work time. Employees who waive such vacation time at the request of employers shall be paid three times their normal daily salaries for each vacation day being waived as compensation. As a result of the new law and regulations, our labor costs may increase. Increases in our labor costs and future disputes with our employees could adversely affect our business, financial condition or results of operations.

The medical consumables industry in the PRC is highly regulated, and future government regulations may place additional burdens on our business

The manufacturing, packaging, labelling, distribution and sale of medical consumables are subject to regulation by several PRC administrations, including the State Food and Drug Administration and its respective local branches. Changing or introduction of government regulations and relevant standards may prevent or delay the introduction of medical consumables which we intend to develop and market in the PRC.

Additional or more stringent regulations of medical consumables may be adopted from time to time in the PRC. Such developments could require reformulation of our certain medical consumables which we intend to develop to meet new standards, recalls or discontinuance of certain products not able to be reformulated, additional record-keeping requirements, increased documentation of the properties of certain products, additional or different labelling, additional scientific substantiation, additional hygienic measures, adverse event reporting or other new requirements. Any such requirements could increase our costs significantly.

It may be difficult to expand medical consumables business in the PRC as the health care system in the PRC is still at its emerging stage

We intend to incur more capital and human resources in developing medical consumables business in the PRC as our Directors consider that the demand for medical consumables is on a rapid increase as a result of the increasing public awareness of hygienic standard and health care.

It is our current plan to introduce medical consumables to various major hospitals in Beijing, and also, we intend to construct a new plant for manufacture and sale of our own Category I medical devices and sell Category II medical devices. However, our ability to manage our future growth of new business venture in the PRC will depend on the growth of medical systems and public awareness (including those of medical practitioners) of the importance of quality hygienic medical consumables. The health care system in the PRC is currently undergoing substantial systematic change as a result of introduction of new laws, regulations and standards concerning medical products safety and quality management. Furthermore, we have no experience in producing, distributing, marketing and selling products in the PRC market. Should our plans for venturing into the PRC market not be successfully executed for any reason, our growth from and return on our investment may be adversely affected and thereby impact our business, results of operations and financial position.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and the liquidity and market price of our Shares may be volatile

Prior to the Global Offering, there has been no public market for our Shares.

Our Group has made an application to the Stock Exchange for the listing and trading of the Shares and such application has been approved by the Stock Exchange. The initial public offering price range per Share was the result of negotiations between us (for ourselves and on behalf of the Selling Shareholder) and the Sole Global Coordinator (on behalf of Underwriters) and may bear no relationship to the market price for our Shares after this initial public offering. There is no assurance that the Listing will result in the development of an active, liquid public trading market for the Shares after the Global Offering.

In addition, factors such as variations in our Group's revenues, earnings and cash flows or any other developments, whether due to seasonal sales fluctuations or for any other reasons, may affect the volume and price at which the Shares will be traded. Volatility in the price of our Shares may also be caused by factors outside our control and may be unrelated or disproportionate to our operating results.

You may experience immediate dilution and may experience further dilution if we issue additional Shares in the future

The Offer Price of our Shares is higher than the net tangible assets value per Share immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in the pro forma net tangible assets value to HK$0.61 per Share (assuming an Offer Price of HK$2.055, which is the mid-point of our indicative Offer Price range, and assuming that the Over-allotment Option and any options which may be granted under the Share Option Scheme are not exercised).

In addition, we may consider offering and issuing additional Shares in the future to support future expansions of our business or to the extent that our ordinary shares are issued upon the exercise of Share options. In this regard, you may experience further dilution in the net tangible asset book value per Share if we issue additional Shares in the future at a price which is lower than the net tangible book value per Share.

We cannot assure you that we will declare dividends in the future

We made a dividend distribution amounted to HK$1,000,000 during the year ended 31 March 2008 paid by Tary to its shareholders. We declared dividends amounting to HK$140 million to shareholders of our subsidiaries on 30 June 2010. For further details of our dividend policy, please see the section headed "Financial information — Dividend policy" in this prospectus.

However, there is no assurance that future dividends will be declared or paid in an amount equivalent to or exceeding historical dividends declared or at all. Therefore, investors are cautioned not to use historical dividends as an indication of the amount of future dividends to be declared or paid. The declaration, payment and amount of any future dividends are subject to the recommendation of our Directors at their discretion, depending on, among others, our earnings, financial condition, cash requirements, our profit, our Memorandum and Articles of Association, applicable law and other relevant factors.

Sale or perceived sale of substantial amounts of our Shares in the public market could materially and adversely affect the price of our Shares

Prior to the Global Offering, there has not been a public market for our Shares. Future issues of securities by our Company or the disposal of Shares by our Controlling Shareholders or the perception that such issues or sales may occur, may negatively impact the prevailing market price of the Shares.

Immediately after completion of the Global Offering and Capitalization Issue, we will have 666,666,000 Shares in issue, of which an aggregate of 190,000,000 Shares (representing approximately 28.5% of our issued share capital) will be held by public investors and an aggregate of 476,666,000 Shares (representing approximately 71.5% of our issued share capital) will be held by our existing Shareholders, assuming that no Over-allotment Option is exercised.

The Shares held by public investors will be eligible for immediate resale in the public market in Hong Kong without restrictions. However, the Shares held by our Controlling Shareholders are subject to certain lock-up undertakings for periods commencing on the date of this prospectus and up to 12 months after the Listing Date. There is no assurance that our Controlling Shareholders will not dispose of their Shares following the expiration of the lock-up periods or any of their undertakings are waived or breached or otherwise. If our Controlling Shareholders sell, or are expected to sell, a substantial amount of our Shares, the prevailing market price of our Shares could be materially and adversely affected.